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25 May 1961

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CENTRAL

INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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South Korea: [The Watch Committee at its meeting on 24 May reached the following conclusion concerning South Korea.

[Stability of the new government in South Korea is threatened by increasing factionalism in the Supreme Council for National Reconstruction. Continued lack of response by ROK Army officers to CINCUNC direction, the relief of experienced commanders, and the failure of the military regime to restore to CINCUNC operational control over some elements of the ROK armed forces have at least temporarily impaired the UNC military posture in South Korea. While there is no evidence of North Korean military preparations to take advantage of the unsettled situation, dissension within the coup group could make the ROK increasingly susceptible to Communist propaganda and subversion.]

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African Labor Conference: Labor leaders from most African countries are meeting in Casablanca, starting on 25 May, to set up an independent All-African Trade Union Federation (AATUF). Several African regimes--notably those of Ghana and Guinea--have promoted the projected organization as a vehicle for advancing their militant and anti-Western brand of pan-Africanism. Representatives from these countries can be expected to press vigorously for an early severance of ties *OK*

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between the participating labor union and international labor organizations based outside Africa, especially the pro-Western International Confederation of Free Trade Unions (ICFTU). The strength of counterbalancing representatives to this conference from ICFTU affiliates and allied Western-oriented unions is not clear. [ ] (Backup, Page 7)

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Greece - Common Market: [ ] Greece's association with the European Common Market (EEC), based on an agreement in March between Athens and the EEC Commission, has encountered some snags. Italy, in particular, is objecting to the extent to which Greek products would gain access to markets in the EEC. Modifications of the EEC agreement which the Greeks may have to accept are not likely to be major, and the Greek Government is counting on successful conclusion of these negotiations to enhance its prestige before it schedules general elections. Greece is pressing the US to intervene with the EEC in its behalf. The EEC Council will again meet to consider Greek association on 29 May.] [ ] (Backup, Page 9)

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Iceland: A number of Communist-controlled trade unions are threatening Iceland with a major work stoppage on 29 May over new wage contracts. A Communist success in bringing about an extensive strike could directly threaten the existence of Prime Minister Thors' pro-Western Conservative - Social Democratic government, whose future is closely linked to the economic stabilization program adopted a year ago. [ ] (Backup, Page 11)

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\*Dominican Republic: [Trujillo is planning to overthrow his puppet President Balaguer, according to information given separately to the American Consulate on 23 May by the British ambassador and the Brazilian consul. Both link these reports to rumors that the dictator is planning a trip abroad and feel that he may be about to stage a maneuver designed to end in his being recalled to "save the country." The American consul notes that Balaguer is under increasingly heavy fire from Trujillo-controlled propaganda media and that such a maneuver would be consistent with previous Trujillo actions when he was hard pressed.] (Backup, Page 13) No

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#### WATCH COMMITTEE CONCLUSIONS

- A. [No change from last week.]
- B. [No change from last week.]
- C. [LAOS: Carried on Page i of the Daily Brief.]
- D. [SOUTH KOREA: Carried on Page ii of the Daily Brief.]

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South Korea

The Supreme Council for National Reconstruction (SCNR) is continuing efforts to promote popular support for the military regime. The thoroughness of the campaign was indicated by the details announced in the South Korean press concerning the demonstration held in Taegu on 22 May. Organizers are reported to have required that each household provide one participant; factories were ordered closed so that all employees could attend; all businessmen were ordered to be present. The groups from each precinct were required to bring two placards displaying approved slogans. About 35,000 people were present at the Taegu demonstration, but the rally was described as lackluster. The American Embassy reports that although there is evidence of "increasing disenchantment" on the part of educated persons and students, general public attitudes range from "acceptance of the coup and military rule to bewildered confusion as to changes."

Of the persons reported arrested since the coup, over 600 are politicians, 540 are teachers, but only 70 are students, bearing out previous indications that the regime intended to handle the student problem cautiously. The arrest of the politicians muzzles such potential opposition leaders as former speaker of the lower house Kwak Sang-hun, and vice speaker So Min-ho. [Foreign Minister Kim Hyong-il told American Chargé Green yesterday he had discussed the matter of the arrest of political leaders with the SCNR and that he was making efforts to get at least the members of the Chang Myon cabinet returned to their homes soon. Lieutenant General Chang To-yong also told Chargé Green yesterday that political arrests would soon be stopped and that certain persons who had been arrested would be released after they had been screened and cleared; he said that members of the Chang cabinet, with one or two exceptions, would be taken from jail and put under house arrest.]

[Air Force chief Lieutenant General Kim Shin told the American air attaché in Seoul on 22 May that regime leaders Chang To-yong and Pak Chong-hui had informed him the military]

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Officers under arrest might be shown some consideration when the situation was stabilized. However, he said that Lieutenant General Yi Han-lim, former commander of the First ROK Army, was an exception and his punishment probably would be severe. Yi's loyalty is especially suspected by the new regime because of his delay in announcing full support for the coup.)

The revolutionary government extended its controls to the provincial and municipal levels on 24 May by appointing nine general officers as governors and nine lower-ranking officers as mayors of cities. Field artillery units involved in the coup are reported to have returned to their previous front-line positions, but the four other major units withdrawn from their tactical positions were still in Seoul late yesterday.

Depressed business conditions are continuing as a result of the limitation on bank withdrawals to approximately \$700 per month. This limitation has almost stopped the movement of goods from manufacturers to retailers, and retail business is largely limited to the purchase of daily essentials. Bank of Korea officials report that administrative confusion is mounting over handling financial transactions. They are pressing for the removal of the cash withdrawal limit, or at least for permission to clear checks without regard to the limit. Strict measures to control prices and the arrest of grain "profiteers" as well as the distribution of government-controlled grains have decreased the retail prices of rice and barley below the pre-coup level.

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Cambodia

Since the collapse of the Dap Chhuon revolt in March 1959, Prince Sihanouk has faced no significant domestic opposition. As leader of the country's only significant political organization, the Sangkum, and leading member of the Cambodian royal family, he enjoys overwhelming popular support. His policy of neutrality is approved as the most effective means of maintaining Cambodia's security against Thai and Vietnamese incursions, and the aid secured from both bloc and non-bloc sources under this policy has materially benefited the country.

The Soviet Union has provided a major hospital in Phnom Penh, has made developmental loans, and has promised a technical school; Communist China has given plywood, paper, textile, and cement plants, broadcasting stations, and technical training for Cambodians and has offered a large credit for agricultural and industrial development; the United States and France have provided extensive support for projects such as highways, airports and port facilities, technical assistance, and the only foreign support for Cambodia's military forces.

Basic to Prince Sihanouk's concept of Cambodian neutrality has been his country's physical isolation from Communist states. He has argued that the Cambodian monarchy could not coexist with the Communists under other circumstances. Since the Kong Le coup, last August, he has been working to avert a Communist takeover in Laos.

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Africans Meet to Establish Independent Labor Organization

The establishment of a neutralist All-African Trade Union Federation (AATUF) unaffiliated with any "foreign" organization has been an avowed goal of militant African nationalists at least since the first All-African People's Conference (AAPC) in Accra in December 1958. Its formation was endorsed again at the AAPC plenaries held in Tunis in 1960 and in Cairo last March; the latter meeting listed the project first in a resolution on African unity which also called for the creation of Africa-wide federations of youth, farmers, and women's organizations. A preparatory committee dominated by radical nationalists was first organized in the fall of 1959; it set at least two earlier dates for a constituent conference but did not decide definitely to go ahead with the project until last month when its members met in Conakry.

This delay in the actual launching of the AATUF has resulted from rivalries among African leaders--especially between Ghana's Nkrumah and Kenya's Tom Mboya--and from a basic policy dispute over whether or not member unions should be permitted other international affiliations. Since the Communist-controlled World Federation of Trade Unions (WFTU) had already agreed to the severance of formal ties with its principal African affiliates in the hope of eventually subverting a unified African labor movement, this controversy has largely revolved around the question of the continued affiliation of certain African unions with the pro-Western International Confederation of Free Trade Unions (ICFTU). Nkrumah's labor spokesmen and their Guinean allies--many of the latter were trained by the WFTU--view the ICFTU as a primary instrument of Western "neocolonialism" and have long campaigned against such affiliation. However, other African labor elements, notably those from British East and Central Africa over which Mboya has considerable influence, are anxious to preserve their ICFTU ties--and subsidies--at least for the present. Similarly, the dominant trade union organizations of Morocco, Tunisia, and Algeria appear unwilling to break with the ICFTU, despite the fact that at least the Moroccan and Algerian organizations

share in most other aspects of the militant line expounded by representatives of Ghana, Guinea, and Mali at pan-African gatherings.

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[redacted] labor spokesmen from both Ghana and Guinea, recognizing that they will have to compromise, at least temporarily, on the affiliation issue, are pinning their hopes on establishing some type of time limit for disaffiliation. [It also appears likely that these radicals will direct their heaviest attacks against the ICFTU's African regional organization established last November, probably arguing that this still embryonic organization will have lost any reason for existence with the establishment of the AATUF.]

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Representatives of ICFTU and its most important African affiliates have been working feverishly over the past month to assure maximum attendance and a coordinated approach on the part of moderate, Western-oriented unions. ICFTU headquarters in Brussels is underwriting travel expenses for its affiliates where necessary. Moreover, these affiliates have apparently been coached to argue for a loose federation within the framework of the AAPC and against the creation of a separate secretariat. While the willingness and ability of the moderates to wage such an aggressive counterattack will presumably depend in part on whether such top-flight ICFTU leaders as Mboya attend the conference, the ICFTU affiliates can be expected to defend their basic position that the question of international affiliations is one to be decided solely by each national labor center.

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Greece - Common Market

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[Nearly two years of negotiations were climaxed in March 1961 with the initialing of an agreement providing for Greek association with the European Common Market (EEC). While the agreement was still subject to approval by the EEC Council of Ministers and ratification by the member governments of EEC and by Greece, Athens had assumed that no serious difficulties would prevent the coming into force of the agreement by early 1962. Serious obstacles have arisen, however, which have delayed further action on the association agreement and which, conceivably, could endanger the entire project.]

[Difficulties in the Common Market over the association convention are apparently both procedural and substantive. The EEC Commission, which acted as agent for the Common Market in the negotiations with Greece, has been accused by individual members of the EEC Council of exceeding its authority in initialing the agreement--an accusation reflecting at least in part the general reluctance of the Council to see the Commission exercise any "supranational" authority. Although the Council decided on 19 May not to insist on renegotiation of objectionable provisions of the agreement, the Italians apparently decided to press for interpretive protocols which would afford Italian producers additional protection from Greek competition.]

[The new obstacles to Greek association have caused a bitter reaction in Athens. The government had greeted news of the initialing of the agreement in March with profound relief, and the press, including the non-Communist opposition, had applauded this new move to tie Greece more closely to Western Europe. The government had looked to the association agreement as a means of raising its popularity in preparation for national elections which must be held by May 1962 and may be scheduled for this fall. The resultant disappointment of the government at the latest moves by the EEC has been particularly great, and the US Embassy reports that a mere mention of the Common Market puts Premier Karamanlis in a "towering rage."]

[The next move appears to be up to Athens. The EEC Council has asked the Greeks to send a representative to Brussels]

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[for discussions on 25 May. As of 22 May the government had not decided on its answer, but if a delegation is sent it reportedly will be under instructions to state that Greece stands on the initialed agreement and that negotiations are finished. Should the members of EEC insist on their interpretive protocols, however, it is probable that Greece would reply with counterdemands which could lead to a new impasse.]

[Collapse of the Greek association agreement would be embarrassing to the EEC at a time when Britain's application for EEC accession is increasingly expected, and the other members may therefore bring stronger pressure on Rome to withdraw its objections.]

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### Communists Threaten Major Strike Action in Iceland

The Communist-dominated Icelandic Federation of Labor (IFL) has consistently sought to use its control of organized labor as a political weapon. When the Thors government took office in November 1959, its policy of economic austerity led the IFL to expect a period of economic uncertainty. For this reason it induced its member unions to let their contracts lapse to give it a free hand when it believes an opportune moment has arrived for a showdown with the government.

At its congress last November the IFL set the pattern for its member unions by calling for wage increases of 15-20 percent, a shorter workweek, and other benefits. Even though the Thors government may be prepared to consider some wage adjustments as a result of the higher prices, increases of the magnitude proposed by the IFL would negate the progress Iceland has made over the past year toward economic stabilization and would achieve the Communist objective of forcing it to resign. The government is probably counting on the lack of enthusiasm for strike action among the workers and their willingness to give the economic reform program a further chance.

The apparent decision of the Communists and their Progressive allies to attempt major strike action follows their unsuccessful effort to weaken or topple the government on other issues in an effort to regain representation in the government. The settlement last March of the protracted fishing limits dispute with Britain was a major victory for the Thors cabinet and removed an issue which had posed a threat both to the government and to Iceland's NATO ties. Continuing efforts of the opposition parties to arouse public opinion against the US-operated NATO base at Keflavik have also met with little success as a result of endeavors by US officials and the Icelandic Government to minimize the likelihood of incidents involving base personnel.

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Dominican Dictator May Be Planning a "Controlled" Coup

[Trujillo is believed to have given serious consideration to staging a "controlled" coup last August, just prior to the special OAS foreign ministers' meeting which unanimously voted sanctions against the Dominican regime for its complicity in the attempt to assassinate the Venezuelan President and for its violations of civil rights at home. At that time, Trujillo finally decided to resort to the somewhat less drastic maneuver of having his brother Hector "resign" from the presidency and be replaced by the compliant vice president, Joaquin Balaguer. Balaguer, in his inauguration address, vowed to "continue" the dictator's "process of democratization." Trujillo has remained the dominant political figure, and terrorism and repression against the dissidents and against the Roman Catholic hierarchy have reached new peaks of intensity in recent months.]

[Although Balaguer has shown no sign of independent action, the Trujillo-controlled radio and press have bitterly attacked him, using him as a scapegoat, while praising Trujillo and on occasion calling on the dictator personally to assume the presidency. This lays the groundwork for a possible future claim by Trujillo that he has been called by "popular demand" to assume the presidency.]

[The American Consulate noted on 23 May that dissatisfaction with Trujillo, already at an all-time high, is now reportedly reaching "closer into the core of power" in the regime. It had previously been reported that high Dominican Army officers had begun to oppose the regime. A Trujillo effort to "control" a coup and leave the new regime in the hands of officers in his trust might well get out of his control, particularly if he leaves the country.]

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